

Information Bulletin

PST-58

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THE PROVINCIAL SALES TAX ACT

USED GOODS

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax (PST). It is a general guide and not a substitute for the legislation.

Changes to this bulletin are indicated by a (I) in the left margin.

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A. **BUSINESS ASSETS**

Sale of Used Assets

Businesses are required to collect PST on the sale of used assets, such as vehicles and equipment. If an item is received in trade and tax has been paid on the trade-in, tax is collected on the cash difference. If tax was not paid on the trade-in item, tax must be collected on the full selling price. PST also applies on the subsequent sale of the item accepted as a trade-in.

Sale of Assets When a Business Ceases Operations

PST must be paid by the purchaser on the purchase price of taxable used assets when they are acquired from a business that is ceasing its operations. The purchaser must report and remit the tax within 30 days from the purchase date using a [Business Assets Declaration Form](#). For further information on the application of PST to business assets, please refer to the [Business Assets Declaration Form Guidelines](#).

Transfer of Assets Between Closely Related Parties

Sections 7.3 and 7.4 of *The Provincial Sales Tax Regulations* provide an exemption of PST on transfers of assets between parent and subsidiary corporations and upon formation of a new corporation where specific criteria are met. These provisions allow for the continuity of business through a change in the organizational structure, such as the incorporation of a proprietorship, without incurring a tax liability. For further information please see Information Bulletin, [PST-60, Transfers of Business Assets between Closely Related Parties](#).

B. TRADE-IN ALLOWANCES

When an item is received in trade, tax applies to the difference between the selling price of the goods and the value of the goods accepted in trade by the seller, provided the following conditions are met:

- The PST was previously paid in full on the trade-in; and,
- The trade-in is owned by the same person that is acquiring the new goods.

C. PERSONAL AND FARM USE GOODS

When used goods are purchased by an individual for personal use (other than vehicles) and PST was previously paid on the goods, tax applies to the selling price less a deduction of \$300 per item as discussed below.

The \$300 deduction applies to:

- Used goods purchased privately or from a business; and,
- Used goods purchased by a farmer or farming corporation when those items do not otherwise qualify for the full exemption of tax. Please refer to [PST-16, Farm Implement and Farm Supply Dealers](#) for further information regarding farm exemptions.

The \$300 deduction does not apply to:

- Used goods for commercial use;
- Used goods purchased from outside Canada; and,
- Vehicles, including recreational vehicles such as snowmobiles, all-terrain vehicles (ATV's), boats, campers, etc. See Section F regarding the \$5,000 exemption for private used vehicle purchases.

Taxable used goods are often sold as a set or group of items. Where the purchaser's invoice shows a single price for all of the items (i.e. the taxable goods are valued as a group), the \$300 deduction applies once to the entire group of items (see Example 1). Where the purchaser's invoice shows a value and quantity for each item purchased, the \$300 deduction applies to each item (see Example 2).

The following examples provide guidance on how the exemption is to be applied:

- (1) An individual purchases two separate sets of items. The first is a box of tools and the second is a dining set containing a table and several chairs. In both cases, the group of items is valued collectively and invoiced at a single price (one amount) for all the items. The invoice should show the \$300 exemption applied once to the total value or price of each set.

Box of Used Tools, (hammers, screwdrivers, saws)	\$ 600
(\$300 deduction for set 1)	
Used Dining Set, 5 pieces (table, 4 chairs)	<u>\$1,200</u>
(\$300 deduction for set 2)	
PST @ 6% $((600-300)+(1,200-300)) \times .06$	<u>\$ 72</u>
Total	\$1,872

- (2) A number of used appliances are sold separately. Where the invoice lists each item and the price, the \$300 exemption is applied separately to each item.

Used Fridge	\$ 500
(\$300 deduction)	
Used Stove	\$ 400
(\$300 deduction)	
Used Freezer	<u>\$ 200</u>
(\$300 deduction)	
PST @ 6% $((500-300)+(400-300)+(0)) \times .06$	<u>\$ 18</u>
Total	\$1,118

D. REMANUFACTURED AND RECONDITIONED GOODS

Reconditioned or remanufactured goods are subject to PST on the total selling price. These goods are returned to new or good condition by performing some service to the item such as repairing, cleaning and/or replacing parts that are worn or damaged. Items in this category are typically sold with a warranty.

The \$300 exemption does not apply to remanufactured or reconditioned goods.

E. RENTAL OF USED GOODS

PST applies to the total charge for the rental of taxable used goods, including casual or incidental rentals of business assets. All charges associated with the rental/lease of used goods are subject to tax. This includes any down payment, delivery, installation, finance, late fees, cleaning or maintenance charges and any other consideration paid by or agreed to be paid by the renter/lessee in order to obtain the right to use the goods.

The \$300 exemption for personal goods does not apply to the rental of used goods.

When rental goods are sold, PST must be collected on the selling price.

Please refer to [PST-72, Rental Businesses](#) for further information regarding the application of PST to rentals.

F. VEHICLES

All classes of new and used vehicles are subject to PST.

Motor dealers and any other businesses selling or leasing new or used vehicles are required to collect the PST, as applicable, regardless of whether vehicle sales is their primary business activity.

When PST has not been collected as required, it may be assessed in an audit along with penalty and interest charges. In addition, Saskatchewan Government Insurance (SGI) and their motor licence issuers will collect the PST at the time of registration when it has not been collected by the seller (unless the purchaser is eligible for an exemption).

For private sales of used previously tax-paid vehicles, PST does not apply when both the purchase price and fair-market value (Red Book value) are \$5,000 or less. SGI and their motor licence issuers will collect the PST at the time of registration, as applicable.

Please see Information Bulletin [PST-18, Commercial Vehicle Sales and Leases](#) and [PST-78, Private Vehicle Sales and Other Vehicle Transactions](#) for detailed information related to the application of PST on vehicles.

G. TAX TIPS LINE

When a business or individual does not comply with provincial tax legislation, businesses face unfair competition and a burden is placed on all taxpayers who do comply. It causes significant loss in the revenue available to fund services such as health, education and other important government programs.

Tax Tips Line provides an anonymous, fully confidential way for the public to report businesses or individuals who are participating in tax fraud. If you suspect that a business or individual is being dishonest with their provincial taxes or is misrepresenting their activities to reduce their taxes, you can report them using Tax Tips Line.

Please visit our website at saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-tips-line to find out more regarding types of tax fraud and the information to report, if possible.

Tax Tips Line is specifically and solely for information related to provincial tax compliance. Any unrelated inquiries or information will not be addressed by the Tax Tips Line, and should be directed to the appropriate organization.

How to Report:

- 1) Toll-free 1-833-334-8477
- 2) Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA SK S4P 2Z6
- 3) [Online Form Submission](#)

H. SASKATCHEWAN eTAX SERVICES (SETS)

Finance has made it possible to report and remit tax electronically through a secure, fast, easy and convenient online self-service portal. Several services are currently available to businesses through SETS (sets.saskatchewan.ca):

- Register for secure, self-managed access to all your tax accounts.
- Apply for a new tax account.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.
- Submit a service request to update the mailing address or add a new business location.
- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
- View and download up-to-date tax information promptly.
- Subscribe to receive email notifications when new and revised tax publications are available.

FOR FURTHER INFORMATION

Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

Email: sasktaxinfo@gov.sk.ca

Internet: Tax bulletins, forms and information are available at saskatchewan.ca/business-taxes.

To receive automatic email notifications when this or any other bulletin is revised, go to sets.saskatchewan.ca/subscribe.

To provide feedback or suggest changes to this bulletin, please complete a [Bulletin Survey](#).

Government website: Saskatchewan.ca